2007-05279/

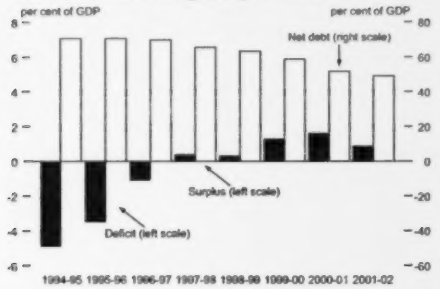
# Government of Canada Securities

A Publication of the Department of Finance

October 2002

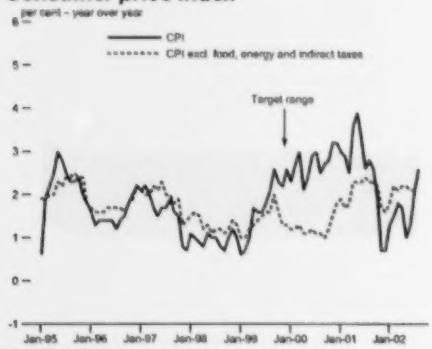
## Canadian Economy

### *Government of Canada net debt and budgetary balance*


per cent of GDP
per cent of GDP
Net debt (right scale)
Surplus (left scale)
Deficit (left scale)
1994-95 1995-96 1996-97 1997-98 1998-99 1999-00 2000-01 2001-02

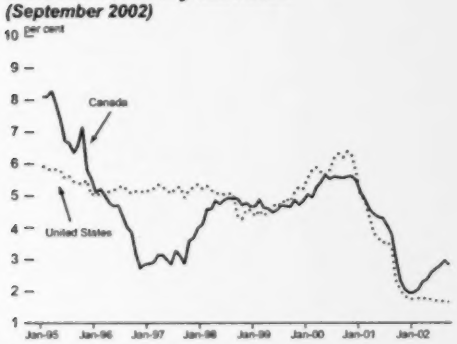
Source: Department of Finance

### *Consumer price index*


per cent - year over year
CPI
CPI excl. food, energy and indirect taxes
Target range
Jan-95 Jan-96 Jan-97 Jan-98 Jan-99 Jan-00 Jan-01 Jan-02

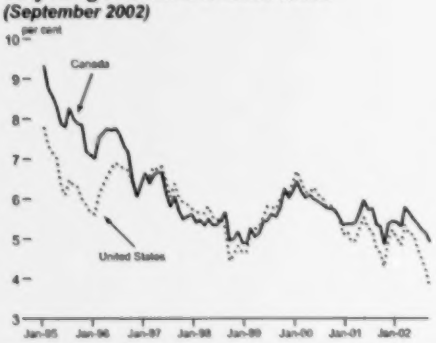
Source: Bank of Canada

### *3-month Treasury bill rates (September 2002)*




Sources: Bank of Canada and Federal Reserve

### *10-year government bond rates (September 2002)*




Sources: Bank of Canada and Federal Reserve

### *Upcoming economic data releases of interest*

| October | November | December |
|---|---|---|
| August Real GDP (October 31) | October Labour Force Survey (November 8) | November Labour Force Survey (December 6) |
| | October CPI (November 21) | November CPI (December 20) |
| | September Real GDP (November 29) | October Real GDP (December 24) |
| | National Economic and Financial Accounts July-September 2002 (November 29) | |

Canada

# Government of Canada Securities

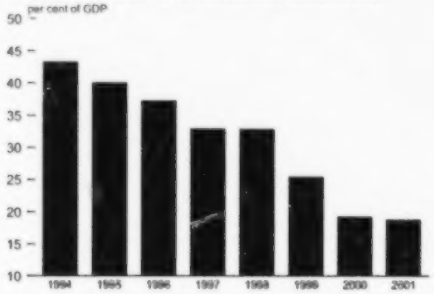
## Canadian Economy

### *Selected Canadian economic statistics*

| | 2000 | 2001 | 2001 Q3 | 2001 Q4 | 2002 Q1 | 2002 Q2 |
|---|---|---|---|---|---|---|
| **Annualized growth rates** | | | (per cent) | | | |
| Real GDP | 4.5 | 1.5 | -0.5 | 2.9 | 6.2 | 4.3 |
| Final domestic demand | 4.0 | 2.5 | 2.1 | 0.3 | 3.6 | 3.7 |
| Employment growth | 2.6 | 1.1 | -0.2 | 0.5 | 2.8 | 3.7 |
| **Other** | | | | | | |
| Unemployment rate | 6.8 | 7.2 | 7.2 | 7.7 | 7.8 | 7.6 |
| Current account balance (percentage of GDP) | 2.6 | 2.8 | 1.6 | 1.6 | 1.9 | 1.7 |

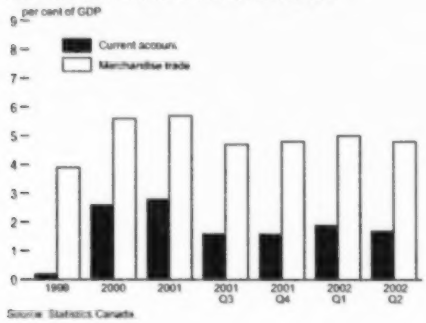
Source: Statistics Canada.

### *Canada's net international liabilities*



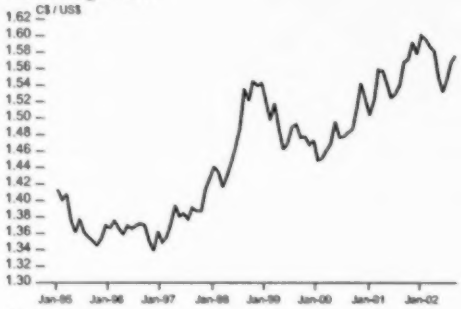

Source: Statistics Canada

### *Canada's current account balance and merchandise trade balance*




Source: Statistics Canada

### *Exchange rate*




Source: Bank of Canada

### *Monetary conditions index*

Source: Bank of Canada

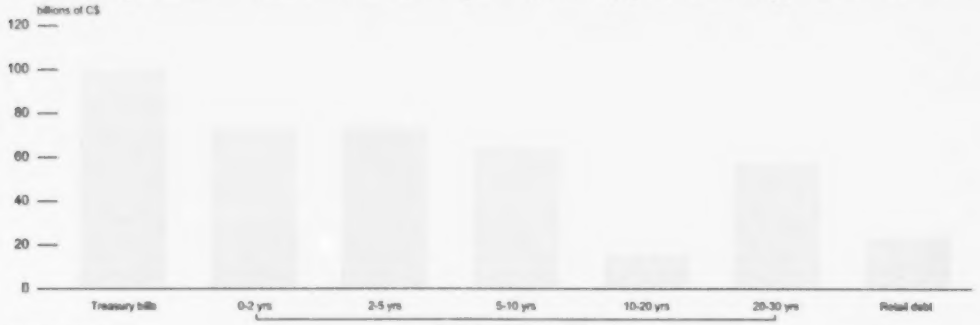
### *Canadian monetary aggregates*

Source: Bank of Canada

# Government of Canada Securities

## Primary Market

### *Outstanding Government of Canada Treasury bills, bonds (by term maturity) and retail debt*




Source: Department of Finance

### *Recent Government of Canada bond auction results*

| Auction date | Term | Maturity date | Coupon rate | Issue amount | Average price | Average yield | Auction coverage* | Tail** |
|---|---|---|---|---|---|---|---|---|
| | (years) | | (%) | (millions of dollars) | | (%) | | (basis points) |
| Sept.11, 2002 | 30 | Dec. 1, 2031 | 4*** | 300 | 112.710 | 3.317 | 3.079 | n/a |
| August 28, 2002 | 2 | Dec. 1, 2004 | 4.25 | 3,000 | 101.109 | 3.730 | 2.207 | 0.5 |
| August 14, 2002 | 5 | Sept. 1, 2007 | 4.5 | 2,400 | 100.936 | 4.291 | 2.282 | 0.8 |
| July 31, 2002 | 10 | June 1, 2012 | 5.25 | 2,500 | 99.356 | 5.334 | 2.489 | 1.1 |
| July 10, 2002 | 30 | June 1, 2033 | 5.75 | 1,900 | 99.978 | 5.751 | 2.209 | 0.9 |

*Coverage is defined as the ratio of total bids at auction to the amount auctioned.

**Tail is defined as the high accepted yield minus the average yield.

***RRB.

Source: Bank of Canada.

### *Upcoming Government of Canada bond auctions*

| Type of issue | Auction date (2002) | Further details of issue (2002) | Dated and delivered (2002) | Amount maturing* |
|---|---|---|---|---|
| | | | | (millions of dollars) |
| 10-year auction | October 30 | October 24 | November 4 | – |
| 5-year auction | November 13 | November 7 | November 18 | – |
| 2-year auction | November 27 | November 21 | November 29 | – |
| 30-year RRB auction | December 4 | November 28 | December 9 | – |

Note: In addition, this quarter three repurchase operations will be held in conjunction with each nominal bond auction. One pilot switch repurchase operation was held on October 9 in the 10-year sector, and three others will take place: one on November 20 in the 30-year sector one on December 11 in the 10-year sector and one on December 18 in the 5-year sector. Further details will be released on the Thursday prior to these operations. The target amount for repurchase this quarter is $3.2 billion.

* Maturity of $4,000 million on December 2, 2002, and $1,073 million on December 16, 2002.

Source: Bank of Canada.

# Government of Canada Securities

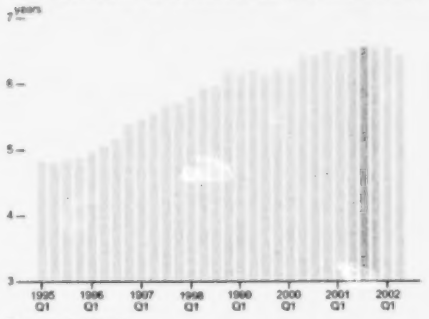
## Primary Market

### *Government of Canada bond market benchmarks*

| Term | Maturity | Coupon | Amount outstanding | Yield (Sept. 25, 2002) |
|---|---|---|---|---|
| | | (%) | (millions of dollars) | (%) |
| **Fixed-coupon** | | | | |
| 2-year | Dec. 1, 2004 | 4.25 | 6,500 | 3.16 |
| 5-year | Sept. 1, 2007 | 4.50 | 10,400 | 4.00 |
| 10-year | June 1, 2012 | 5.25 | 10,400 | 4.93 |
| 30-year | June 1, 2029 | 5.75 | 13,900 | 5.25 |
| **Real return** | | | | |
| 30-year | Dec. 1, 2026 | 4.25 | 5,250 | 3.26 |

Source: Department of Finance.

### *Average term to maturity of Government of Canada marketable debt*




Source: Bank of Canada

### *Upcoming Government of Canada marketable bond maturities*

| October-December 2002 | January-March 2003 | April-June 2003 | July-September 2003 |
|---|---|---|---|
| | (millions of dollars) | | |
| 5,103 | 1,733 | 12,906 | 9,540 |

### *Outstanding Government of Canada foreign currency debt (as of September 30, 2002)*

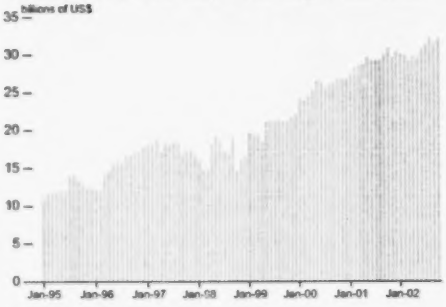
| | (C$ millions)* |
|---|---|
| Canada bills | 2,946 |
| Canada notes | 1,303 |
| Outstanding under EMTN program | 3,273 |
| 5⅛% US$ bonds maturing February 19, 2003 | 3,174 |
| 6¼% US$ bonds maturing November 30, 2004 | 3,174 |
| 6¼% US$ bonds maturing July 21, 2005 | 2,381 |
| 6¼% US$ bonds maturing August 28, 2006 | 1,587 |
| 6¼% NZ$ bonds maturing October 3, 2007 | 373 |
| 4¼% EUR bonds maturing July 7, 2008** | 3,204 |
| 5¼% US$ bonds maturing November 5, 2008 | 3,968 |

*At par value, adjusted for exchange rates as of September 30, 2002.

**Original issue in Deutsche Marks was redenominated into euro on February 19, 1999.

Source: Bank of Canada.

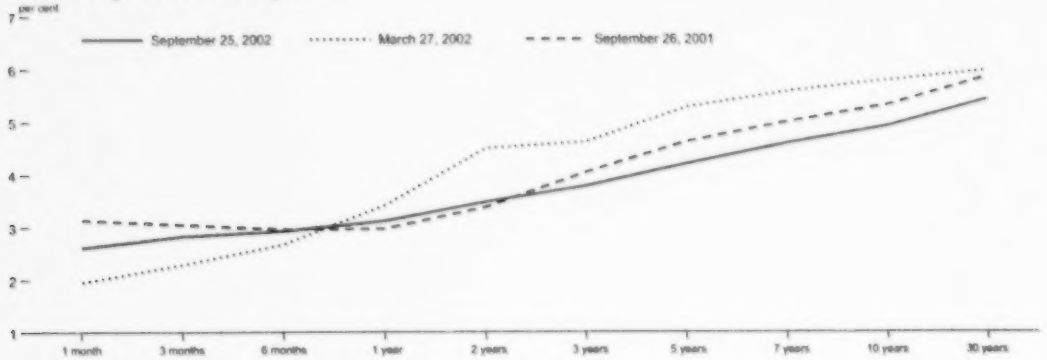
### *Canada's level of liquid foreign reserves*




Source: Bank of Canada

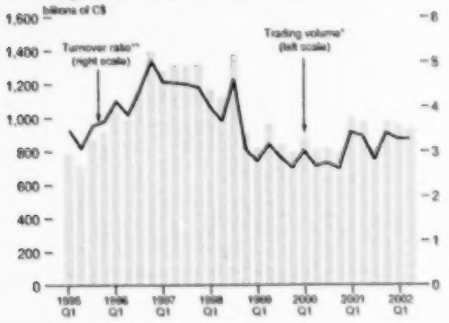
# Secondary Market

### Canadian yield-to-maturity curve



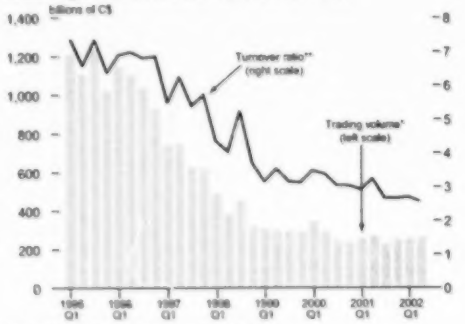

Source: Bank of Canada

### Government of Canada bonds trading volume and turnover ratio




*Trading volume is total trading volume in each quarter.
**Turnover ratio = total trading volume in each quarter/stock.
Source: Bank of Canada

### Government of Canada Treasury bills trading volume and turnover ratio




*Trading volume is total trading volume in each quarter.
**Turnover ratio = total trading volume in each quarter/stock.
Source: Bank of Canada

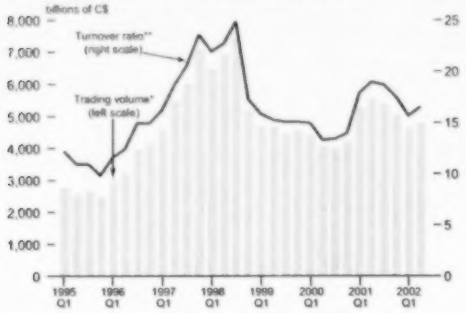
### Government securities distributors

- Bank of Montreal (Treasury bills only)
- Beacon Securities Limited
- BMO Nesbitt Burns Inc. (marketable bonds only)
- Canaccord Capital Corp.
- Canadian Imperial Bank of Commerce (Treasury bills only)
- Casgrain & Company Limited
- CIBC World Markets Inc. (marketable bonds only)
- CTI Capital Inc.
- Desjardins Securities
- Deutsche Bank Securities Limited
- Golden Capital Securities Limited
- HSBC Bank Canada
- Laurentian Bank Securities Inc.
- Merrill Lynch Canada Inc.
- J.P. Morgan Securities Canada Inc.
- National Bank Financial Inc.
- Ocean Securities Inc.
- Odlum Brown Limited
- RBC Dominion Securities Inc.
- Resolution Capital Inc.
- Scotia Capital Inc.
- Société Générale Valeurs Mobilières Inc.
- The Toronto-Dominion Bank

# Government of Canada Securities

## Secondary Market

### *Government of Canada bond repos trading volume and turnover ratio*

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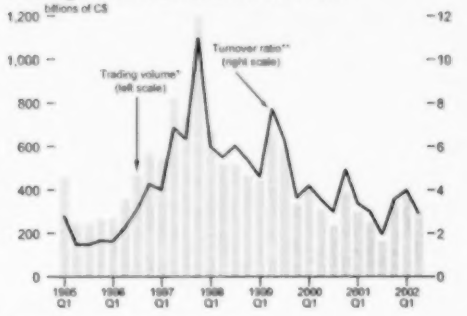
### *Government of Canada Treasury bill repos trading volume and turnover ratio*

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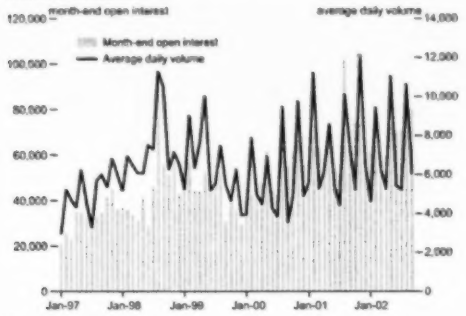
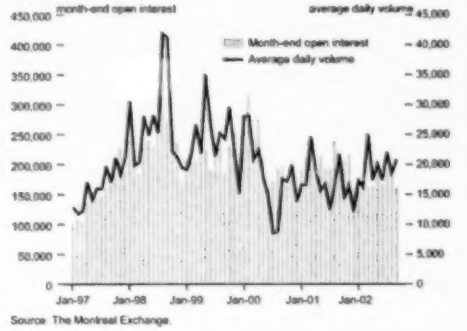
Source: Bank of Canada.

### *10-year Government of Canada bond futures*




Source: The Montreal Exchange.

### *3-month bankers acceptance futures*




Source: The Montreal Exchange.

### *Government of Canada long-term credit ratings*

| | Standard & Poor's Current | Moody's Investors Service Current | Dominion Bond Rating Service Current |
|---|---|---|---|
| ***Domestic debt*** – Trend | **AAA** Stable | **Aaa** Stable | **AAA** Stable |
| ***Foreign debt*** – Trend | **AAA** Stable | **Aaa** Stable | **AA (high)** Stable |

This publication is also available on the Internet at www.fin.gc.ca.
Except as noted, the information in *Government of Canada Securities* is based upon data available as of October 4, 2002.
For further information, contact Brian Dell at (613) 992-6231.
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